

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name OREGON TOWNSHIP	County LAPEER
Fiscal Year End 6/30/06	Opinion Date 8/29/06	Date Audit Report Submitted to State 10/13/06	

We affirm that:

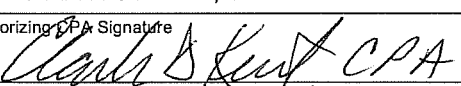
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BROWN & KENT, PC		Telephone Number 810-664-4470	
Street Address 951 S MAIN STREET, SUITE 3		City LAPEER	State MI
Zip 48446			
Authorizing CPA Signature 		Printed Name CLARK D. KENT	License Number 1101018986

**OREGON TOWNSHIP
LAPEER, MICHIGAN**

**FINANCIAL REPORT
WITH ADDITIONAL INFORMATION
FOR YEAR ENDED JUNE 30, 2006**

OREGON TOWNSHIP

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BROWN & KENT, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

951 S. MAIN STREET, SUITE #3

LAPEER, MICHIGAN 48446

(810) 664-4470

FAX (810) 664-3601

INDEPENDENT AUDITORS' REPORT

To the Board Members
Oregon Township
Lapeer, MI 48446

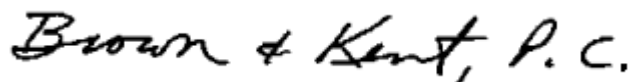
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Township (the "Township"), Lapeer, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Oregon Township, Lapeer, Michigan, at June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oregon Township's basic financial statements. The accompanying other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants

August 29, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OREGON TOWNSHIP
LAPEER COUNTY
LAPEER, MICHIGAN**

Management's Discussion and Analysis

As management of Oregon Township, Lapeer County, Lapeer, Michigan (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the Township's financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented herein in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Oregon Township exceeded its liabilities at the end of the fiscal year by \$755,547. Of this amount, \$442,691 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$463,345, a decrease of \$10,588 in comparison with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$339,875.
- The Township's total debt increased \$6,949, during the current fiscal year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. It also contains other supplemental information to provide a greater detail of the data presented in the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements provide information about the activities of the Township, presenting a broad long-term overview of the Township's finances, in a manner similar to a private-sector business. This longer-term view uses the accrual basis of accounting, so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The Statement of Net Assets and the Statement of Activities report the governmental activities for the Township, which encompasses all of the Township's services, including general government, public safety, public works, and cemetery operations. Property taxes and unrestricted state-shared revenue finance most of these activities.

Reporting the Township's Most Significant Funds – Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds, not the Township as a whole.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law.

These fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

All of the funds of the Township can be divided into two categories:

- (1) Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements.
- (2) Fiduciary Funds – The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Township's own programs.

Notes to the Financial Statements

The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE TOWNSHIP AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position.

The following table shows, in a condensed format, the net assets as of June 30, 2006.

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Increase / (Decrease)</u>
Assets			
Current Assets	\$ 476,732	\$ 480,371	\$ (3,639)
Capital Assets – Net of Depreciation	292,202	311,115	(18,913)
Total Assets	<u>768,934</u>	<u>791,486</u>	<u>(22,552)</u>
Liabilities			
Current Liabilities	<u>13,387</u>	<u>6,438</u>	<u>6,949</u>
Total Liabilities	<u>13,387</u>	<u>6,438</u>	<u>6,949</u>
Net Assets			
Invested in Capital Assets	292,202	311,115	(18,913)
Restricted	20,653	20,653	-
Unrestricted	442,692	453,280	(10,588)
Total Net Assets	<u>\$ 755,547</u>	<u>\$ 785,048</u>	<u>\$ (29,501)</u>

The following table shows the changes of the net assets during the fiscal year ending June 30, 2006.

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues			
Charges for Services	\$ 140,718	\$ 118,549	\$ 22,169
General Revenue			
Property Taxes and Collection Fees	309,170	295,232	13,938
State-shared Revenue	429,325	423,623	5,702
Franchise Fees	29,863	12,686	17,177
Other Revenue	22,644	15,976	6,668
Total Revenue	931,720	866,066	65,654
Program Expenses			
General Government	365,010	347,523	17,487
Health and Welfare	18,498	36,996	(18,498)
Public Safety	294,716	240,619	54,097
Public Works	266,440	202,706	63,734
Cemetery	16,557	16,278	279
Total Program Expenses	961,221	844,122	117,099
Change in Net Assets	(29,501)	21,944	(51,445)
Net Assets – Beginning of year	785,048	763,104	21,944
Net Assets – End of year	<u>\$ 755,547</u>	<u>\$ 785,048</u>	<u>\$ (29,501)</u>

The Township's total governmental revenues, as reported in the Statement of Activities, totaled approximately \$932,000, up from the prior fiscal year. There were increases in all revenue categories. Total program expenses, as reported in the Statement of Activities, totaled approximately \$961,000. This was an increase of approximately \$117,000 over the prior fiscal year. Significant increases in expenses include amounts for increased police and fire protection costs and roadwork, while funding of the ambulance service decreased.

THE TOWNSHIP'S FUNDS

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health. The analysis of the Township's major funds begins on page 3, following the government-wide financial statements.

The Township completed this year with a combined governmental fund balance of \$463,345, a decrease of \$10,588 from last year. The General Fund's fund balance increased \$59,358. This increase was due in large part to operating transfers from the Public Improvement Fund and increased revenues.

The General Fund accounts for most of the Township's government services. The most significant are fire protection, law enforcement, assessing, and roads. Except for law enforcement, management of these services is not supported by special millages, but through the general revenues of property taxes and state-shared revenue. Law enforcement is only partially supported by special millage.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, the Township had \$292,202 invested in broad range of capital assets, including land, buildings, and equipment. This amount represents a net decrease of \$18,913.

	June 30, 2006	June 30, 2005	Increase / (Decrease)
Land and Improvements	\$ 136,476	\$ 136,476	\$ -
Buildings and Improvements	290,319	290,319	-
Equipment	111,328	108,272	3,056
Total Capital Assets	538,123	535,067	3,056
Less Accumulated Depreciation	245,921	223,952	21,969
Net Capital Assets	<u>\$ 292,202</u>	<u>\$ 311,115</u>	<u>\$ 18,913</u>

The major reason for this decrease was depreciation. See note 3 of the financial statements for additional information.

Debt Administration

The Township has no long-term debt outstanding as of June 30, 2006.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget, of the General Fund, was an increase in appropriations of \$47,027. There was no change in the revenue budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Because of the impact of Proposal A and the Headlee Amendment the Township must continue to watch the budget very closely. Among the most significant events during the fiscal year were the dramatic increases in the cost of fire and police protection. The increases in these areas are expected to continue in the coming years and the Township must continue to monitor its spending in other areas to offset those increases. Also, the statutory portion of the State revenue sharing has been eliminated in the 2006 – 2007 fiscal year.

The unreserved fund balance of the General Fund at the beginning of the fiscal year was \$280,517 and increased during the year by \$59,358.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our residents, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township office at 2525 Marathon Road, Lapeer, MI 48446.

BASIC FINANCIAL STATEMENTS

**OREGON TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2006**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash in Bank	
Demand Deposits	\$ 132,309
Savings Deposits	147,596
Investments	150,121
Petty Cash	266
Receivables	
Accounts Receivable - Other	8,847
Accounts Receivable - Fireruns	33,013
Prepaid Expenditures	4,580
Total Current Assets	<u>476,732</u>
Capital Assets	
Land and Improvements, Net of Depreciation	50,779
Building and Improvements, Net of Depreciation	175,473
Equipment, Net of Depreciation	65,950
Total Capital Assets	<u>292,202</u>
TOTAL ASSETS	<u><u>\$ 768,934</u></u>
LIABILITIES	
Accounts Payable	<u>\$ 13,387</u>
TOTAL LIABILITIES	<u>13,387</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	292,202
Restricted for	
Permanent Fund - Perpetual Care Fund	
Expendable	653
Non-Expendable	20,000
Unrestricted	442,692
TOTAL NET ASSETS	<u>755,547</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 768,934</u></u>

The accompanying notes are an integral part of the financial statements.

**OREGON TOWNSHIP
STATEMENT OF ACTIVITIES
JUNE 30, 2006**

	Functions / Programs			
	General Government	Health and Welfare	Public Safety	Public Works
EXPENSES				
Salaries and Benefits	\$ 162,714	\$ -	\$ 31,131	\$ -
Employment Taxes	10,406	-	1,947	-
Professional Services	79,139	18,498	251,841	-
Materials and Supplies	14,360	-	277	-
Repairs and Maintenance	3,348	-	-	-
Roads	-	-	-	263,174
Recycling	-	-	-	1,934
Street Lights	-	-	-	1,144
Other Program Expenses	76,876	-	9,520	188
Depreciation	18,167	-	-	-
TOTAL EXPENSES	365,010	18,498	294,716	266,440
PROGRAM REVENUES				
Charges for Services	28,363	-	110,005	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
NET PROGRAM (EXPENSES)				
REVENUES	(336,647)	(18,498)	(184,711)	(266,440)
GENERAL REVENUES				
Property Taxes				
Collection Fees				
State Shared Revenue				
Interest Income				
Cable TV Franchise Fee				
Hall Rental				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING				
NET ASSETS - ENDING				

The accompanying notes are an integral part of the financial statements.

<u>Cemetery</u>	<u>Total Governmental</u>
\$ -	\$ 193,845
-	12,353
11,040	360,518
-	14,637
-	3,348
-	263,174
-	1,934
-	1,144
1,715	88,299
3,802	21,969
<u>16,557</u>	<u>961,221</u>
2,350	140,718
-	-
<u>-</u>	<u>-</u>
<u>(14,207)</u>	<u>(820,503)</u>
	261,035
	48,135
	429,325
	15,591
	29,863
	2,450
	<u>4,603</u>
	791,002
	(29,501)
	<u>785,048</u>
	<u><u>\$ 755,547</u></u>

**OREGON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	General Fund	Cemetery Operating Fund	Public Improvement Fund	Other Governmental Funds
ASSETS				
Cash in Bank				
Demand Deposits	\$ 117,536	\$ 14,773	\$ -	\$ -
Savings Deposits	44,546	-	82,232	653
Investments	139,329	10,792	-	20,165
Petty Cash	266	-	-	-
Due from Other Funds	5,165	165	-	-
Accounts Receivable	8,825	22	-	-
Accounts Receivable - Fireruns	33,013	-	-	-
Prepaid Expenses	4,580	-	-	-
TOTAL ASSETS	<u><u>\$ 353,260</u></u>	<u><u>\$ 25,752</u></u>	<u><u>\$ 82,232</u></u>	<u><u>\$ 20,818</u></u>
LIABILITIES				
Accounts Payable	\$ 13,385	\$ 2	\$ -	\$ -
Due to Other Funds	-	5,165	-	165
TOTAL LIABILITIES	<u><u>13,385</u></u>	<u><u>5,167</u></u>	<u><u>-</u></u>	<u><u>165</u></u>
FUND EQUITY				
Fund Balance				
Unreserved - Undesignated	339,875	10,585	82,232	20,653
Reserved	-	10,000	-	-
TOTAL FUND EQUITY	<u><u>339,875</u></u>	<u><u>20,585</u></u>	<u><u>82,232</u></u>	<u><u>20,653</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 353,260</u></u>	<u><u>\$ 25,752</u></u>	<u><u>\$ 82,232</u></u>	<u><u>\$ 20,818</u></u>

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	Reconciliation of Total Governmental Funds Balances to Net Assets of Governmental Activities	
\$ 132,309	Total Governmental Funds Balances	\$ 463,345
127,431	Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:	
170,286		
266		
5,330		
8,847		
33,013	Capital Assets used in Governmental Activities	
4,580	are not financial resources and therefore	
<u>\$ 482,062</u>	are not reported in the funds	<u>292,202</u>
	Net Assets of Governmental Activities	<u>\$ 755,547</u>
\$ 13,387		
5,330		
<u>18,717</u>		
453,345		
10,000		
<u>463,345</u>		
<u>\$ 482,062</u>		

OREGON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2006

	General Fund	Cemetery Operating Fund	Public Improvement Fund	Other Governmental Funds
REVENUES				
Taxes	\$ 309,170	\$ -	\$ -	\$ -
Licenses and Fees	17,272	-	-	-
Intragovernmental	429,325	-	-	-
Charges for Services	112,355	2,350	-	-
Fines and Forfeits	2,941	-	-	-
Sale of Capital Assets	-	-	-	-
Interest	10,138	536	4,134	783
Other Revenue	42,716	-	-	-
TOTAL REVENUES	<u>923,917</u>	<u>2,886</u>	<u>4,134</u>	<u>783</u>
EXPENDITURES				
General Government	349,899	-	-	-
Health and Welfare	18,498	-	-	-
Cemetery	-	12,756	-	-
Public Safety	294,715	-	-	-
Public Works	266,440	-	-	-
TOTAL EXPENDITURES	<u>929,552</u>	<u>12,756</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,635)</u>	<u>(9,870)</u>	<u>4,134</u>	<u>783</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	76,493	12,283	-	-
Operating Transfers Out	(11,500)	-	(76,493)	(783)
TOTAL OTHER FINANCING SOURCES (USES)	<u>64,993</u>	<u>12,283</u>	<u>(76,493)</u>	<u>(783)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	59,358	2,413	(72,359)	-
FUND BALANCE - JULY 1, 2005	<u>280,517</u>	<u>18,172</u>	<u>154,591</u>	<u>20,653</u>
FUND BALANCE - JUNE 30, 2006	<u>\$ 339,875</u>	<u>\$ 20,585</u>	<u>\$ 82,232</u>	<u>\$ 20,653</u>

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
\$ 309,170	Net change in fund balance -	
17,272	Total Governmental Funds	\$ (10,588)
429,325		
114,705	Amounts reported for Governmental Activities	
2,941	in the Statement of Activities are different	
-	because:	
15,591		
42,716	Governmental Funds report capital outlays as	
931,720	expenditures. In the Statement of Activities	
	the cost of those assets is allocated over their	
	estimated useful lives as depreciation expense.	
349,899	This is the amount by which depreciation	
18,498	exceeded capital outlays in the current period.	(18,913)
12,756		
294,715	Change in Net Assets of Governmental Activities	\$ (29,501)
266,440		
942,308		
(10,588)		
88,776		
(88,776)		
-		
(10,588)		
473,933		
\$ 463,345		

OREGON TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2006

	Trust & Agency Fund	Tax Collection Fund	Total Agency Funds
ASSETS			
Cash in Bank			
Demand Deposits	\$ 292	\$ -	\$ 292
Savings	-	-	-
Investments	1,970	-	1,970
TOTAL ASSETS	<u>\$ 2,262</u>	<u>\$ -</u>	<u>\$ 2,262</u>
LIABILITIES			
Deposits Payable	\$ 2,262	\$ -	\$ 2,262
Due to Others	-	-	-
TOTAL LIABILITIES	<u>2,262</u>	<u>-</u>	<u>2,262</u>
NET ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Oregon Township (the "Township"), conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. REPORTING ENTITY

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Board of Trustees and the Township Administrator have direct responsibility for these activities.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority or the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organizations. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes, or determines the budget.

Based on the aforementioned criteria, Oregon Township has no component units.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include; (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Township has presented the following major governmental funds.

General Fund – The General Fund is the general operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Public Improvement Fund – The Public Improvement Fund is used to set aside monies for the future improvements to the Township. When items are constructed money is moved from this fund to the General Fund and expenditures are accounted for there.

Cemetery Operating Fund – The Cemetery Operating Fund is used to account for the revenues and expenditures of operating the cemetery.

Additionally, the Township has two agency fiduciary funds as follows:

Trust and Agency Fund – This fund is used to account for the collection and disbursement of performance and other deposits payable.

Tax Collection Fund – This fund is used to account for the collection and disbursement of property taxes assessed within the Township.

Additionally, the Township reports a Permanent fund, which is used to account for resources held in trust for use by the Township's cemetery. Legal restrictions on use of the funds' resources require that the principal remain intact and only the earnings be used.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time liability is incurred.

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Township are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

D. BUDGETS AND BUDGETARY ACCOUNTING

The Township Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (2) A public hearing is conducted to obtain taxpayer comment.
- (3) The budgets are adopted by a majority vote of the Township Board.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- (5) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Amendments to the Budget are approved by the Township Board, as necessary.

E. CASH EQUIVALENTS

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. INVESTMENTS

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations.

H. USE OF ESTIMATES

The preparation of basic financial statements in conformance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

I. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated Assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$500 or more for equipment and \$5,000 or more for non-equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	5-50 years
Equipment	5-20 years
Land Improvements	15-20 years

J. NET ASSETS

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

K. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds."

L. GOVERNMENTAL FUND BALANCE RESERVES

The Township records reservations for portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and therefore not available for appropriation. Unreserved fund balance indicates the portion of fund balance which is available for appropriation in future periods.

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS

All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

STATUTORY AUTHORITY

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (1) Bonds and other direct obligations of the United States or its agencies,
- (2) Certificates of deposits, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146), and
- (3) Mutual funds composed of investments, which are legal for direct investment of local government.

CASH AND EQUIVALENTS

A summary of cash and equivalents as of June 30, 2006 follows:

	Carrying Value	Bank Balance	Covered By FDIC Insurance
Cash			
Demand Deposits	\$ 132,601	\$ 158,917	\$ 100,674
Savings Deposits	149,566	149,555	147,158
Petty Cash	266	-	-
Total Cash	<u>282,433</u>	<u>308,472</u>	<u>247,832</u>
 Certificates of Deposit	 150,121	 150,121	 100,000
 Total Cash & Certificates of Deposit	 <u>\$ 432,554</u>	 <u>\$ 458,593</u>	 <u>\$ 347,832</u>

Bank balance does not reflect deposits in transit or outstanding checks.

FDIC Regulation Number 330.8, provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000, in every financial institution that is not a branch location and that is a member of FDIC in the following deposit accounts:

- (1) All demand, non-interest bearing accounts (checking), in the name of the authorized or statutory custodian (treasurer) of public funds.
- (2) All savings deposits, which include regular passbook, daily interest savings, and time certificates of deposit in the name of the governmental unit's custodian.

OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS

The Governmental Accounting Standards Board of the Financial Accounting Foundation Statement 3, includes the requirement that a government entity's investments be classified into three categories of credit risk. The categories are:

- (1) Insured or registered securities held by the government entity of its agent in the entity's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

The Township has no investments that fall under the above-mentioned categories.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006, was as follows:

	Balance 7-01-05	Additions	Deletions	Balance 6-30-06
Capital Assets Not Being Depreciated				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Total Capital Assets Not Being Depreciated	11,000	-	-	11,000
Capital Assets Being Depreciated				
Land Improvements	125,476	-	-	125,476
Building and Improvements	290,319	-	-	290,319
Equipment	108,272	3,056	-	111,328
Total Capital Assets Being Depreciated	524,067	3,056	-	527,123
Less Accumulated Depreciation for				
Land Improvements	78,733	6,964	-	85,697
Building and Improvements	108,504	6,342	-	114,846
Equipment	36,715	8,663	-	45,378
Total Accumulated Depreciation	223,952	21,969	-	245,921
Total Capital Assets Being Depreciated, Net	300,115	(18,913)	-	281,202
Total Government Assets, Net	<u>\$ 311,115</u>	<u>\$ (18,913)</u>	<u>\$ -</u>	<u>\$ 292,202</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

General Government	\$ 18,167
Public Safety	3,802
Total Depreciation Expense	<u>\$ 21,969</u>

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

NOTE 4 – PROPERTY TAXES

The Township's property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2005 tax is levied and collectible on December 1, 2005, and is recognized as revenue in the year ended June 30, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2005 taxable valuation of the Township totaled approximately \$176,091,695, on which taxes levied consisted of 1.4807 mills for operating purposes. This resulted in approximately \$261,035 for operating purposes. This amount was recognized in the General Fund financial statements as tax revenue.

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Operating transfers constitute the transfer of resources from the fund that received the resources to the fund that utilized them. The interfund transfers are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Fund</u>	<u>Operating Transfers Out</u>
Special Revenue		General Fund	\$ 11,500
Cemetery Operating	\$ 12,283	Special Revenue	
Public Improvement		Public Improvement	76,493
General Fund	76,493	Fiduciary Fund	
		Cemetery Perpetual Care	783
Total	<u>\$ 88,776</u>	Total	<u>\$ 88,776</u>

Interfund Receivables/Payables

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$ 5,165	Special Revenue Fund	
Special Revenue Fund		Cemetery Operating	\$ 5,165
Cemetery Operating	165	Fiduciary Fund	
		Cemetery Perpetual Care	165
Total	<u>\$ 5,330</u>	Total	<u>\$ 5,330</u>

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

NOTE 6 – PENSION PLAN

The Township makes annual contributions to the John Hancock Defined Contribution Plan for Governmental Employees for all eligible employees. The Township contributes 25% of eligible wages to the plan. Eligible employees may make contributions of 1% - 75% of compensation.

The Township contributed \$29,316 to the plan for the year ended June 30, 2006.

NOTE 7 – CONTRACTS

A. LAW ENFORCEMENT CONTRACT

The Township has a contract with the Lapeer County Sheriff's Department for law enforcement services. The contract amount for January 1, 2005 through December 31, 2005 was \$158,419. The contract amount for January 1, 2006 through December 31, 2006 is \$162,853. Payments are to be made by the 5th day of each month.

B. FIRE DEPARTMENT CONTRACT

The Marathon Area Fire Authority was paid a standby fee of \$20,000 for the period January 1, 2005 through December 31, 2005, and a standby fee of \$25,000 for the period January 1, 2006 through December 31, 2006, for fire services. The Marathon Area Fire Authority also charges service fees for each fire run.

The City of Lapeer was paid \$66,426 for fire services, for the period July 1, 2005 through June 30, 2006.

The services fees are paid by Oregon Township when billed by the fire departments. The Township then bills the property owner who was provided the fire run service.

NOTE 8 – BUILDING DEPARTMENT

Statutory Authority

State Construction Code Act (Public Act 245 of 1999), requires that the legislative bodies of local government establish "reasonable fees," which "bare a reasonable relationship" to the cost of operating the enforcing agency. It also states that the use of fees generated under this section can only be used for the operation of the enforcing agency, the construction board of appeals, or both, and that the fees shall not be used for any other purpose.

The establishment of a separate fund is not mandatory if:

- (1) The fee structure of the local government is not intended to recover the full cost of the enforcing agency, and
- (2) The local government has the ability to track the full costs and revenues of the activity.

**OREGON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE 8 – BUILDING DEPARTMENT (Continued)

Statutory Authority (Continued)

The following is a schedule of the revenues and costs of Oregon Township's building department.

Revenue	\$ 17,272
Salaries	5,365
Employer FICA/Medicare	411
Life Insurance	97
Retirement	1,341
Supplies	70
Mileage	177
Miscellaneous	485
Overhead	8,954
Total Costs	<u>16,900</u>
Recovered Costs	372
Prior Unrecovered Costs	(521)
Net Unrecovered Costs	<u>\$ (149)</u>

Effective September 1, 2006, building department activities will be handled by a third party.

NOTE 9 – COMMITMENTS

The Township entered into an agreement on April 11, 2000, with the Board of County Commissioners of the County of Lapeer, to pay \$1,463,582 for improving, maintaining, and repairing certain public roads within the Township. Payments made for year ended June 30, 2006 totaled \$145,243.

Future payments required under this agreement are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2007	\$ 139,752
2008	134,203
2009	128,598
2010	122,934
2011	117,215
Thereafter	-
	<u>\$ 642,702</u>

NOTE 10 – RISK MANAGEMENT

The Township has exposure to risks of loss due to torts, errors and omissions, and property loss. The Township manages these risks by purchasing commercial insurance.

NOTE 11 – CONTINGENCIES

The Township is also continuously involved in District Court ordinance enforcement actions. These District Court matters do not involve costs to the Township beyond prosecution expenses.

REQUIRED SUPPLEMENTAL INFORMATION

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2006

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
TAXES				
Property Taxes	\$ 234,666	\$ 234,666	\$ 238,089	\$ 3,423
Special Assessments	73,060	73,060	74,030	970
Delinquent Property Tax	26,073	26,073	22,946	(3,127)
Collection Fees	47,200	47,200	48,135	935
TOTAL TAXES	380,999	380,999	383,200	2,201
LICENSES, PERMITS AND FEES				
Building Permits	15,000	15,000	17,272	2,272
TOTAL LICENSES, PERMITS AND FEES	15,000	15,000	17,272	2,272
INTERGOVERNMENTAL				
State Revenue Sharing	441,736	441,736	429,325	(12,411)
TOTAL INTERGOVERNMENTAL	441,736	441,736	429,325	(12,411)
CHARGES FOR SERVICES				
Fire Run Fees and Fines	30,200	30,200	34,275	4,075
Special Meetings	6,000	6,000	4,050	(1,950)
TOTAL CHARGES FOR SERVICES	36,200	36,200	38,325	2,125
FINES AND FORFEITS				
Fines and Forfeits	800	800	1,241	441
Penal fines	1,200	1,200	1,700	500
TOTAL FINES AND FORFEITS	2,000	2,000	2,941	941
MISCELLANEOUS SOURCES				
Land Divisions	2,500	2,500	5,800	3,300
Interest Earned	8,000	8,000	10,138	2,138
Township Hall Rental	2,000	2,000	2,450	450
Cable TV	12,600	12,600	29,863	17,263
Sale of Fixed Assets	-	-	-	-
Other Revenue	4,000	4,000	4,603	603
TOTAL MISCELLANEOUS SOURCES	29,100	29,100	52,854	23,754
TOTAL REVENUES	905,035	905,035	923,917	18,882

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2006

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES				
GENERAL GOVERNMENT				
LEGISLATIVE				
Salary	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Per Diem	400	400	350	50
Employer Medicare	200	200	172	28
Employer FICA	750	750	735	15
Life Insurance	350	350	346	4
Retirement	2,875	2,875	2,875	-
Mileage	300	300	124	176
District Court	100	100	-	100
TOTAL LEGISLATIVE	16,475	16,475	16,102	373
SUPERVISOR				
Salary	18,500	18,500	18,500	-
Employer Medicare	300	300	268	32
Employer FICA	1,200	1,200	1,147	53
Life Insurance	500	700	581	119
Retirement	4,625	4,625	4,625	-
Elective Insurance	1,000	1,200	1,054	146
Mileage	800	800	707	93
TOTAL SUPERVISOR	26,925	27,325	26,882	443
ELECTIONS				
Salaries	12,000	-	-	-
Employer Medicare	200	200	-	200
Employer FICA	750	550	-	550
Supplies	500	500	-	500
Postage	600	126	-	126
Mileage	200	-	-	-
Miscellaneous	-	174	26	148
Printing & Publishing	1,000	1,000	-	1,000
TOTAL ELECTIONS	15,250	2,550	26	2,524
LEGAL AND ACCOUNTING				
Legal and Accounting	16,000	36,000	29,860	6,140
TOTAL LEGAL AND ACCOUNTING	16,000	36,000	29,860	6,140
ASSESSING				
Contractual Services	35,649	35,649	35,649	-
TOTAL ASSESSING	35,649	35,649	35,649	-

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2006

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
CLERK				
Salary	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Salary - Deputy	13,500	11,500	9,789	1,711
Assistant Clerk	9,000	9,000	7,801	1,199
Employer Medicare	800	800	719	81
Employer FICA	3,400	3,400	3,075	325
Life Insurance - Deputy	-	-	10	(10)
Life Insurance	150	150	106	44
Retirement	8,000	8,000	8,000	-
Mileage	900	900	796	104
TOTAL CLERK	<u>67,750</u>	<u>65,750</u>	<u>62,296</u>	<u>3,454</u>
BOARD OF REVIEW				
Salaries	1,500	1,500	1,025	475
Employer Medicare	25	25	15	10
Employer FICA	100	100	64	36
TOTAL BOARD OF REVIEW	<u>1,625</u>	<u>1,625</u>	<u>1,104</u>	<u>521</u>
TREASURER				
Salary	31,000	31,000	31,000	-
Salary - Deputy	7,500	6,650	5,640	1,010
Employer Medicare	250	600	531	69
Employer FICA	1,000	2,400	2,272	128
Life Insurance	150	150	116	34
Retirement	7,750	7,750	7,705	45
Mileage	1,000	1,000	832	168
TOTAL TREASURER	<u>48,650</u>	<u>49,550</u>	<u>48,096</u>	<u>1,454</u>
TOWNSHIP HALL				
Salary	4,000	4,000	3,940	60
Contract Services	-	7,000	6,660	340
Employer Medicare	100	100	57	43
Employer FICA	250	250	244	6
Supplies	1,000	1,000	753	247
Insurance	7,000	7,200	7,071	129
Utilities	9,000	11,000	9,288	1,712
Maintenance	1,253	4,753	3,348	1,405
Building Additions & Improvements	1,000	500	-	500
TOTAL TOWNSHIP HALL	<u>23,603</u>	<u>35,803</u>	<u>31,361</u>	<u>4,442</u>

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2006

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
OTHER GENERAL GOVERNMENT				
Salaries	\$ 4,500	\$ 6,508	\$ 6,355	\$ 153
Salary/Administrative Asst	9,000	8,200	8,123	77
Employer Medicare	200	250	210	40
Employer FICA	850	900	898	2
Life Insurance	50	43	43	-
Retirement	600	819	819	-
Insurance & Bonds	14,000	15,200	15,131	69
Elective Insurance	500	410	410	-
Office Supplies	9,000	10,000	5,746	4,254
Computers	3,000	11,300	10,901	399
Postage	9,000	8,800	7,862	938
Professional Services	9,000	9,000	6,970	2,030
Mileage	100	600	480	120
Transportation	4,600	4,600	4,437	163
Printing and Publishing	5,000	5,000	2,725	2,275
Miscellaneous	2,500	17,996	17,406	590
Retirement Administration	1,200	1,200	894	306
Dues	5,500	5,500	4,449	1,051
Education and Training	7,000	6,000	2,722	3,278
Conferences and Conventions	5,000	4,000	1,843	2,157
Disaster Relief	100	100	-	100
Land Improvement	1,753	6,253	-	6,253
Equipment	1,000	1,000	100	900
TOTAL OTHER GENERAL GOVERNMENT	93,453	123,679	98,524	25,155
TOTAL GENERAL GOVERNMENT	345,380	394,406	349,900	44,506
 PUBLIC SAFETY				
LAW ENFORCEMENT				
Contractual Services	160,000	155,000	154,414	586
Gas	3,000	7,000	6,561	439
TOTAL LAW ENFORCEMENT	163,000	162,000	160,975	1,025
 FIRE SERVICE				
Fees	87,000	89,000	88,926	74
TOTAL FIRE SERVICE	87,000	89,000	88,926	74

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2006

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
BUILDING INSPECTIONS				
Fees (Salary)	\$ 8,000	\$ 8,000	\$ 5,365	\$ 2,635
Salary - Zoning	15,800	15,800	15,800	-
Employer Medicare	350	350	307	43
Employer FICA	1,500	1,500	1,312	188
Life Insurance	300	500	384	116
Retirement	6,000	6,000	5,291	709
Supplies	300	300	277	23
Mileage	800	800	697	103
Miscellaneous	200	570	485	85
TOTAL BUILDING INSPECTIONS	33,250	33,820	29,918	3,902
PLANNING				
Salaries	3,500	3,500	2,890	610
Employer Medicare	100	100	42	58
Employer FICA	300	300	179	121
Professional Services	12,000	12,000	8,501	3,499
Printing and Publishing	1,500	1,500	1,095	405
TOTAL PLANNING	17,400	17,400	12,707	4,693
BOARD OF APPEALS				
Wages	1,500	1,500	1,400	100
Employer Medicare	50	50	20	30
Employer FICA	100	100	87	13
Professional	500	500	-	500
Printing and Publishing	500	1,000	681	319
TOTAL BOARD OF APPEALS	2,650	3,150	2,188	962
TOTAL PUBLIC SAFETY	303,300	305,370	294,714	10,656
HEALTH AND WELFARE				
AMBULANCE				
Fees	18,500	18,500	18,498	2
TOTAL AMBULANCE	18,500	18,500	18,498	2
TOTAL HEALTH AND WELFARE	18,500	18,500	18,498	2
PUBLIC WORKS				
Drains	500	500	188	312
Street Lighting	1,100	1,400	1,144	256

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2006

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES (Continued)				
PUBLIC WORKS (Continued)				
Recycling	1,000	1,947	1,934	13
Roads	225,255	254,786	263,174	(8,388)
TOTAL PUBLIC WORKS	227,855	258,633	266,440	(7,807)
CONTINGENCIES	35,000	153	-	153
TOTAL EXPENDITURES	930,035	977,062	929,552	47,510
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,000)	(72,027)	(5,635)	66,392
OTHER FINANCING SOURCES (USES)				
Transfers In	-	76,493	76,493	-
Transfers Out	-	(11,500)	(11,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	64,993	64,993	-
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (25,000)</u>	<u>\$ (7,034)</u>	59,358	<u>\$ 66,392</u>
FUND BALANCE - JULY 1, 2005			<u>280,517</u>	
FUND BALANCE - JUNE 30, 2006			<u>\$ 339,875</u>	

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY OPERATING FUND
FOR YEAR ENDED JUNE 30, 2006

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for Services	\$ 4,500	\$ 4,500	\$ 2,350	\$ (2,150)
Interest	350	350	536	186
TOTAL REVENUES	<u>4,850</u>	<u>4,850</u>	<u>2,886</u>	<u>(1,964)</u>
EXPENDITURES	<u>(16,000)</u>	<u>(16,000)</u>	<u>(12,756)</u>	<u>3,244</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,150)</u>	<u>(11,150)</u>	<u>(9,870)</u>	<u>1,280</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	300	11,800	12,283	483
TOTAL OTHER FINANCING SOURCES (USES)	<u>300</u>	<u>11,800</u>	<u>12,283</u>	<u>483</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (10,850)</u>	<u>\$ 650</u>	2,413	<u>\$ 1,763</u>
FUND BALANCE - JULY 1, 2005			<u>18,172</u>	
FUND BALANCE - JUNE 30, 2006			<u>\$ 20,585</u>	

**OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC IMPROVEMENT FUND
FOR YEAR ENDED JUNE 30, 2006**

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Interest	\$ 6,000	\$ 6,000	\$ 4,134	\$ (1,866)
TOTAL REVENUES	<u>6,000</u>	<u>6,000</u>	<u>4,134</u>	<u>(1,866)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,000	6,000	4,134	(1,866)
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	-	(76,493)	(76,493)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(76,493)</u>	<u>(76,493)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,000</u>	<u>\$ (70,493)</u>	(72,359)	<u>\$ (1,866)</u>
FUND BALANCE - JULY 1, 2005			<u>154,591</u>	
FUND BALANCE - JUNE 30, 2006			<u>\$ 82,232</u>	

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

OREGON TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED JUNE 30, 2006

BUDGETARY INFORMATION

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund and all Special Revenue Funds.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds, as adopted by the Township Board, are included in the Required Supplemental Information of the basic financial statements. A comparison of the actual results of operations to the Non-major Special Revenue Funds budgets, as adopted by the Township, is included the Other Supplemental Information section of the financial statements.

EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

The Township had material expenditure budget overruns as follows:

<u>Fund and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Works Roads	\$ 254,786	\$ 263,174	\$ (8,388)

OTHER SUPPLEMENTAL INFORMATION

**OREGON TOWNSHIP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Permanent Fund <u>Cemetery Trust Fund</u>	Total Non-major Governmental Funds <u></u>
ASSETS		
Cash in Bank		
Savings	\$ 653	\$ 653
Investments	20,165	20,165
TOTAL ASSETS	<u>\$ 20,818</u>	<u>\$ 20,818</u>
LIABILITIES		
Due to Other Funds	\$ 165	\$ 165
TOTAL LIABILITIES	<u>165</u>	<u>165</u>
FUND EQUITY		
Fund Balance		
Unreserved - Undesignated	20,653	20,653
TOTAL FUND EQUITY	<u>20,653</u>	<u>20,653</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,818</u>	<u>\$ 20,818</u>

OREGON TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Permanent Fund Cemetery Trust Fund	Total Non-major Governmental Funds
REVENUES		
Charges for Services	\$ -	\$ -
Interest	783	783
TOTAL REVENUES	<u>783</u>	<u>783</u>
EXPENDITURES		
Cemetery	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>783</u>	<u>783</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(783)	(783)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(783)</u>	<u>(783)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-
FUND BALANCE - JULY 1, 2005	<u>20,653</u>	<u>20,653</u>
FUND BALANCE - JUNE 30, 2006	<u>\$ 20,653</u>	<u>\$ 20,653</u>

BROWN & KENT, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

951 S. MAIN STREET, SUITE #3

LAPEER, MICHIGAN 48446

(810) 664-4470

FAX (810) 664-3601

To the Board Members
Oregon Township
2525 Marathon Road
Lapeer, MI 48446

Dear Board Members:

We have completed our audit of the basic financial statements for Oregon Township (the "Township"), for the year ended June 30, 2006. As a result of our audit, and in addition to our financial report, we offer the following comments and recommendations for your review and consideration. These items have been discussed with your administration. This letter does not affect our report dated August 29, 2006, on the financial statements of the Township.

Our Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter dated August 29, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township are described in Note 1 to the basic financial statements. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Interfund Due To and Due From Accounts

We noted that the Township's unadjusted balances in the interfund Due To and Due From accounts were not in balance between the funds. This issue was caused by incorrect recording of journal entries or entries not being made at all. The proper use of the interfund Due To and Due From accounts serves as a balancing record of the amounts owed between the Township's funds. Errors in recording these entries cause errors in the corresponding funds' revenue or expense.

We suggest that the interfund Due To and Due From accounts be reconciled on a monthly basis to ensure that these accounts are in balance.

Tax Fund

The Township's unadjusted balances in the payable accounts of the Tax Fund were not in agreement with the actual amounts owed. This was caused by the incorrect posting of receipts and disbursements. Please note that there was no discrepancy in the amounts collected or disbursed, this is only a recording error. The accounts incorrectly reflected amounts owed to the County, Schools, etc.

We suggest that after you write the bi-weekly checks to disburse the funds collected, you reconcile the amount remaining in the checking account to the balances in the tax fund payable accounts.

We would like to thank the Board for the opportunity to serve as auditors for Oregon Township. We would be happy to answer any questions you have regarding the annual financial report, and would be pleased to discuss the above comments and recommendations at your convenience.

Brown & Kent, P.C.

Certified Public Accountants

August 29, 2006